

which case the election applies to all Series I bonds then owned by the taxpayer and those subsequently acquired as well as to any other obligations purchased on a discount basis, such as savings bonds of Series E or EE.

(2) If the method in paragraph (b)(1)(i) of this section is used, the taxpayer may change to the method in paragraph (b)(1)(ii) of this section without obtaining permission from the Internal Revenue Service. However, once the election to use the method in paragraph (b)(1)(ii) of this section is made, the taxpayer may change the method of reporting only by following the specific procedure prescribed by the Internal Revenue Service. For further information, the District Director of the taxpayer's district, or the Internal Revenue Service, Washington, DC 20224, should be consulted.

(c) *Reissue.* A reissue that affects the rights of any of the persons named on a Series I bond may have a tax consequence.

§ 359.10 Education savings bond program.

A bond owner or coowner may be able to exclude from income for Federal income tax purposes all or part of the interest received on the redemption of qualified savings bonds during the year, if that owner or coowner paid qualified higher education expenses during the same year and certain other conditions are satisfied. This exclusion is known as the Education Savings Bond Program, and authoritative information about the program can be found in Internal Revenue Service Publication 17, "Your Federal Income Tax", and Publication 550, "Investment Income and Expenses."

§ 359.11 Reservation as to book-entry bonds.

The Commissioner of the Public Debt, as designee of the Secretary of the Treasury, reserves the right: To convert at any time, in whole or in part, any definitive Series I savings bonds to book-entry Series I savings bonds; and to issue Series I savings

bonds only in book-entry form. The Commissioner's action in any such respect is final.

§ 359.12 Reservation as to issue of bonds.

The Commissioner of the Public Debt, as designee of the Secretary of the Treasury, is authorized to reject any application for Series I bonds, in whole or in part, and to refuse to issue, or permit to be issued, any bonds in any case or class of cases, if the Commissioner deems the action to be in the public interest, and the Commissioner's action in any such respect is final.

§ 359.13 Waiver.

The Commissioner of the Public Debt, as designee of the Secretary of the Treasury, may waive or modify any provision of this Circular in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship:

(a) If such action would not be inconsistent with law or equity;

(b) If it does not impair any material existing rights; and

(c) If he or she is satisfied that such action would not subject the United States to any substantial expense or liability.

§ 359.14 Fiscal agents.

(a) Federal Reserve Banks and Branches referred to below, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury, or his or her designee, in connection with the issue, servicing and redemption of Series I bonds. The Federal Reserve Banks and Branches, as fiscal agents of the United States, are subject to change (for example, due to consolidation), as determined by the Secretary of the Treasury, or his or her designee.

(b) The following Federal Reserve Offices have been designated to provide savings bond services: